

Financial Restructuring Board
for Local Governments

**Comprehensive
Review Report**

Village of Wilson

June 2014

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Overview

The Village of Wilson is a mid-sized Upstate village in Niagara County. With a population of 1,264 at the 2010 Census, it is the 221st largest village in New York State and the 2nd smallest village in Niagara County. 2012 expenditures of \$1.08 million were the 381st most of all villages.

The Village of Wilson is governed by a Mayor and two Village Trustees, who are elected for four-year staggered terms.

The Village Board adopted and the Mayor concurred with a resolution requesting a Comprehensive Review by the Financial Restructuring Board (see Appendix A). On February 11, 2014, the Financial Restructuring Board approved this request for a Comprehensive Review with Resolution No. 2014-04 (see Appendix B).

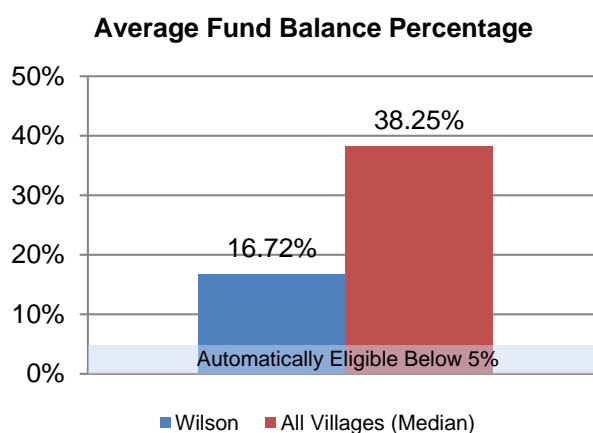
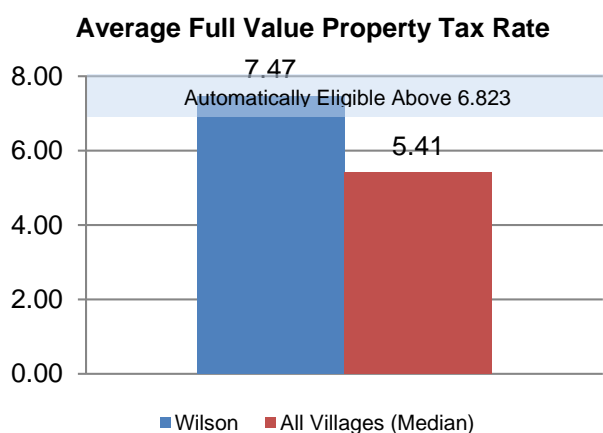
This Comprehensive Review first gives some background on the Village's fiscal eligibility and demographics. It then provides information on the organization and finances of the Village. Finally, it presents the Comprehensive Review's findings and recommendations.

Background

Fiscal Eligibility and Stress

The Village of Wilson is automatically considered a Fiscally Eligible Municipality because its Average Full Value Property Tax Rate (2008-2012) of \$7.47 per \$1,000 is above the 75th percentile for all municipalities. This is the 161st highest of all villages statewide.

The Village's Average Fund Balance Percentage (2008-2012) is 16.72 percent. This is the 92nd lowest of all villages statewide.



The Office of the State Comptroller's (OSC) Fiscal Stress Monitoring System gives the Village of Wilson a Fiscal Rating of No Designation with a score of 15.8 percent, which is worse than the median score of 11.3 percent for all villages that are rated for 2013 (a local government would be determined to be Susceptible to Fiscal Stress with a score of 45.0 percent or higher). Negative fiscal factors include: General Fund to Combined Funds fund balance ratios as well as the Village running a deficit in 2011. It is important to note that this score is half as high as it was just two years ago and is projected to continue to improve. This is because the Village has had operating surpluses in 2012 and 2013, which has allowed its fund balance to increase significantly.

OSC's Fiscal Stress Monitoring System gives the Village of Wilson an Environmental Rating of No Designation with a score of 17.9 percent, which is better than the median score of 22.1 percent for all villages that are rated for 2013 (a local government would receive a designation with a score of 30.0 percent or higher). Negative environmental factors include: a child poverty rate of 31.5 percent, which increased from 2000 to 2010; and a county unemployment rate that is higher than the statewide rate and has been increasing.

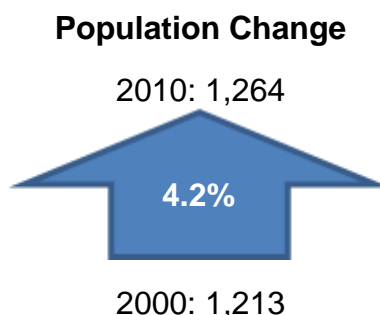
Demographic and Socioeconomic Profile

The Village's population grew 4.2 percent from 2000 to 2010 to 1,264. This growth is significantly more than the 1.1 percent population loss experienced by the typical village over that same period.

The Village of Wilson's median household income in 2012 was \$55,000, which is slightly more than the typical village's median household income of \$52,083.

The Village's median home value of \$99,200 is less than the median home value of the typical village of \$127,650. Its property value per capita of \$40,707 in 2013 is less than the property value per capita of the typical village (with a 2013 OSC fiscal stress score) of \$47,637. The four-year average change in property value of 0.0 percent is less than the average change of the typical village (with a 2013 OSC fiscal stress score) of 1.0 percent.

The surrounding county's unemployment rate of 9.0 percent is higher than the unemployment rate of the typical village (with a 2013 OSC fiscal stress score, or its surrounding county if the village has a population less than 25,000) of 8.3 percent. With a child poverty rate of 31.5 percent, the Village of Wilson has a higher child poverty rate than the typical village (with a 2013 OSC fiscal stress score), which is 11.3 percent.



Organization and Finances

Organizational Profile

The Village of Wilson is governed by a Mayor and two Village Trustees. The Mayor is elected to a four-year term, which expires March 31, 2017. The Trustees are elected to four-year terms, one of which expires March 31, 2016 and the other expires March 31, 2018. According to the Village's 2014 budget, over \$11,000 was budgeted for salaries for these positions.

According to the payroll schedule provided by the Village, there are six full-time and three part-time employees. Five of the full-time employees are part of the Department of Public Works. The only other full-time employee is the Village Clerk-Treasurer who has a part-time Deputy Clerk-Treasurer and a part-time typist reporting to her. The part-time typist also serves as a part-time crossing guard. There is also a part-time building inspector.

The Department of Public Works is headed by the Superintendent of Public Works and has four other full-time employees with a total payroll of nearly \$240,000. These employees are responsible for road maintenance and clearing, water and sewer operations, maintenance of parks and trees, and overseeing garbage collection.

The full-time Village Clerk-Treasurer, the part-time Deputy Clerk-Treasurer and a part-time typist are responsible for maintaining Village records, administering Village taxes, developing and executing the Village's finances, and managing the Village's offices. The Clerk-Treasurer has a salary of over \$37,000. The part-time Deputy Clerk-Treasurer is paid \$14.46 per hour with an average of 20 hours per week, and the part-time typist earns \$10.00 per hour when needed.

The part-time building inspector earns over \$5,000 per year and the part-time crossing guard earns over \$3,000 per year.

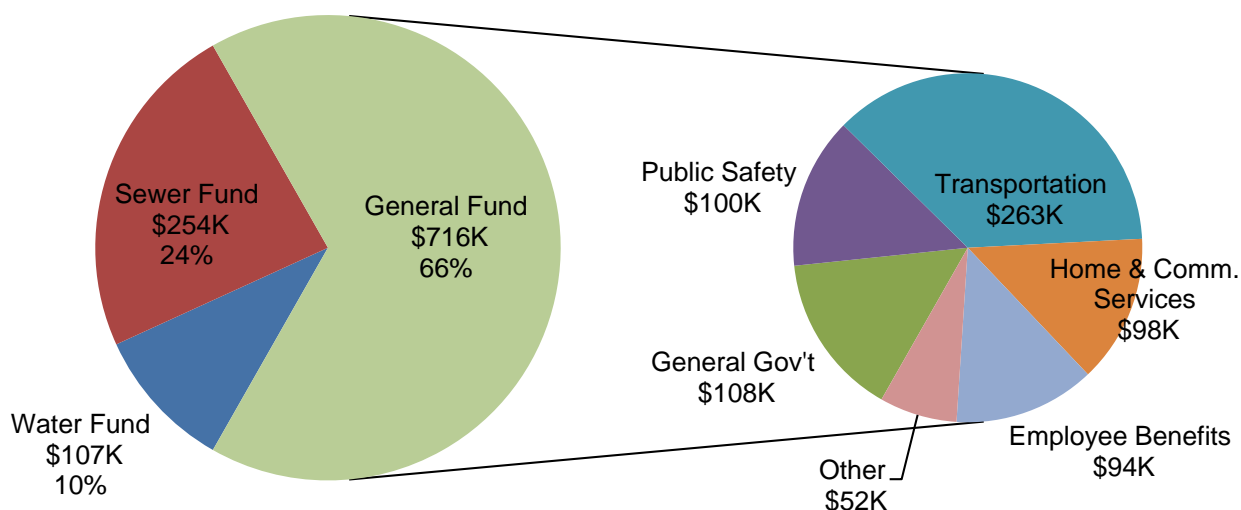
Village employees are not represented by a collective bargaining unit but are currently under contract through May 31, 2016. This contract provides a two percent salary increase per year from 2013-2015. No health insurance premium contributions are required of employees.

Budget Profile

The Village's 2014 all funds adopted budget appropriations total \$1.1 million; \$716,000 of which is for the General Fund. This is an 11.3 percent decrease from the 2013 adopted budget. This decrease is entirely due to eliminating a pass through payment from the Town of Wilson to the fire department. Adjusting for that change, the all funds adopted budget increased by 3.5 percent, which is primarily due to an increase in debt service.

For the General Fund, the largest appropriation in the 2014 budget is for transportation (36.4 percent of General Fund appropriations).

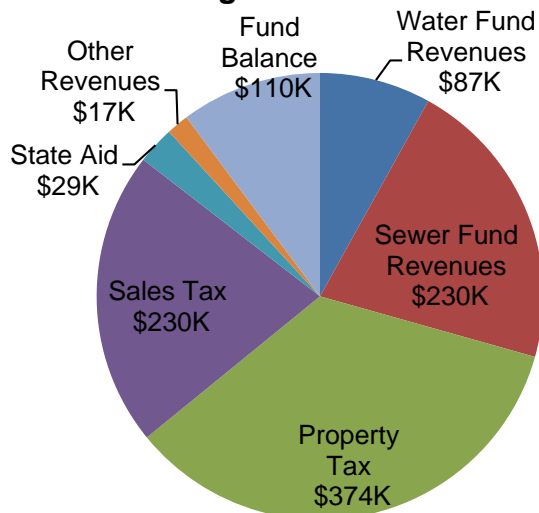
2014 Village of Wilson Expenditures



The largest revenue source is the property tax levy (34.8 percent of all funds revenues and 56.1 percent of General Fund revenues). The 2014 General Fund levy of \$374,000 was a 0.4 percent increase from the prior year.

According to its 2013 Financial Statements, the Village had \$1.6 million in total outstanding debt at the end of 2013, all of which is in bond anticipation

2014 Village of Wilson Revenues



notes. \$1.5 million of this is for a sewer project.

As of its 2013 Financial Statements, the Village had healthy fund balances in all of its funds. Further, the General Fund balance as a percentage of General Fund expenditures has been increasing since 2011, according to information provided to OSC.

	2013 Fund Balance	As a % of Expenditures
General Fund	\$164,789	25.6%
Water Fund	\$22,275	22.7%
Sewer Fund	\$31,873	14.3%
All Funds	\$218,937	22.7%

The 2014 budget appropriated a significant amount of fund balance from each fund. If the 2014 results are consistent with what was budgeted, the General Fund would still have a fairly healthy fund balance, but the Water and Sewer Funds would have fund balances of less than five percent of expenditures.

	2013 Fund Balance	2014 Appropriated Fund Balance	Projected 2014 Fund Balance	Projected 2014 Fund Balance as % of Expenditures
General Fund	\$164,789	\$65,064	\$99,725	13.9%
Water Fund	\$22,275	\$20,380	\$1,895	1.8%
Sewer Fund	\$31,873	\$24,466	\$7,407	2.9%
All Funds	\$218,937	\$109,910	\$109,027	10.1%

Findings and Recommendations

After a review of the Village's operations, the Board finds that the Village should consider dissolution.

Dissolution

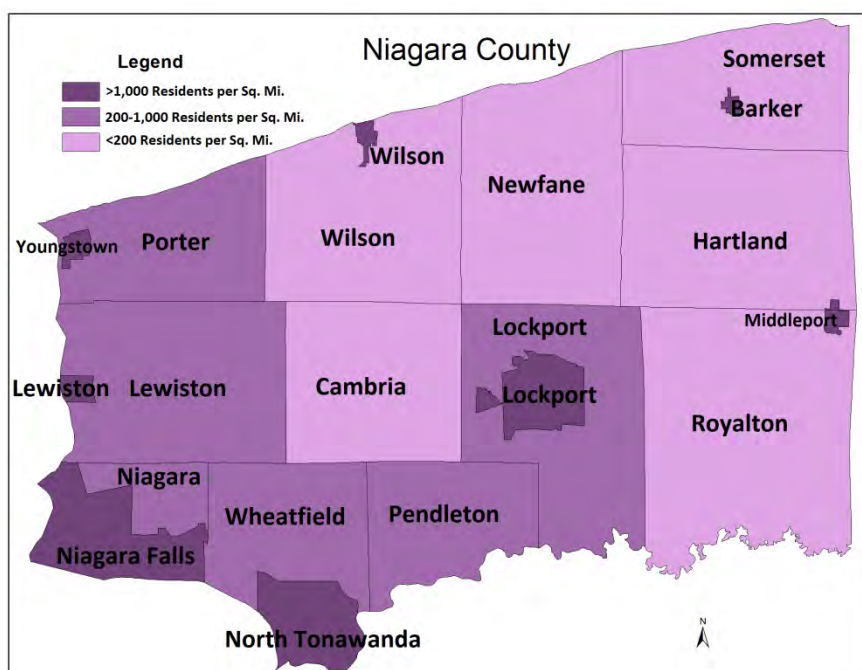
Regional Government Context

As of the 2010 Census, Niagara County had a population of 216,469 and was the 13th most populous county out of the 57 counties outside of New York City. With a land area of 522.4 square miles, it is the 41st largest county. With a population density of 414 residents per square mile, it is the 12th most densely populated county.

The County is governed by a 15-member County Legislature with an appointed County Manager. Other elected County officials include: the Treasurer, the Sheriff, the District Attorney, the Clerk, and four Coroners. As of 2012, the County had total expenditures of \$380 million, which is the 12th highest for counties, and total expenditures per capita of \$1,758, which is the 41st highest for counties.

Within the County, there are 3 cities, 12 towns, 5 villages, 10 school districts, 2 fire districts, and nearly 100 town special districts and other entities.

The Village of Wilson is on Lake Ontario - the northern edge of the County - and is completely within the Town of Wilson.



Town and Village of Wilson

The Town of Wilson is governed by a supervisor and a four-member Town Board. Other elected Town officials include: the Clerk, two Justices, the Superintendent of Highways, and the Cax Collector.

The Village is the only village within the Town of Wilson. The Village includes over 20 percent of the Town's population but less than 2 percent of the Town's land area. The full value of the property in the Village as of 2012 is 17 percent of the full value of the property in the Town.

	Village of Wilson	Town of Wilson
Population	1,264	5,993
Area (sq. mi.)	0.8	49.4
Full Value	\$51M	\$295M

The Village and Town have similar demographic profiles, which would be expected given how significant of a portion of the Town that the Village is.

	Village of Wilson	Town of Wilson
Population Change 2000-2010	4.2%	2.6%
Median Household Income (2012)	\$55,000	\$56,681
Median Home Value (2012)	\$99,200	\$111,400
Property Value Per Capita (2013 for Village; 2012 for Town)	\$40,707	\$49,232
Child Poverty Rate (2010)	31.5%	20.0%
Change in Child Poverty Rate 2000-2010	25.4%	14.2%

In 2013, the Village's total expenditures of \$1.4 million were just under one-half of the Town's expenditures of \$3.1 million according to data reported to OSC.

2013 Expenditures	Village of Wilson		Town of Wilson	
	\$ in 000s	%	\$ in 000s	%
General Government	85	6.0	414	13.3
Transportation	243	17.2	789	25.3
Sanitation	715	50.6	530	17.0
Utilities	64	4.5	296	9.5
Public Safety	99	7.0	378	12.1
Employee Benefits	153	10.8	478	15.3
All Other	55	3.9	229	7.4
Total	1,413	100.0	3,114	100.0

Property Tax Credit Program

As part of the 2015 State Budget, Governor Cuomo advanced and the Legislature enacted a new Property Tax Credit to provide relief to New York homeowners and address one of the primary drivers of the State's high property taxes – the outsized number of local governments. The property tax relief package is designed to incentivize local governments and school districts to share services and reduce their financial burden on the taxpayer.

In the first year under the reform plan, New Yorkers will receive property tax relief if their local governments stay within the property tax cap. The property tax cuts will be extended for a second year in jurisdictions which comply with the tax cap and put forward a plan to save one percent of their tax levy per year, over three years.

For the Village of Wilson, this prospective plan will need to generate savings of one percent of its tax levy, which would be \$3,750 annually on a \$375,000 levy. If the Village were to dissolve, the savings generated would help the Village meet the one percent threshold for the Tax Credit.

Dissolution Grants and Incentives

Based on conversations with Village officials, the Board understands that the Village and Town administrations are open to looking at village dissolution and similar efficiencies. Given the size of the Village, the Board believes that the Village administration and residents should give strong consideration to dissolution.

State law provides two options for initiating the dissolution process - a resolution of the Village Board or a petition by Village electors. Appendix C contains a summary of the reorganization process prepared by the Department of State.

If either the Village Board or its electors would like to pursue dissolution, New York State offers assistance with planning and implementing of dissolution through the Citizens Reorganization Empowerment Grant program. The State also offers annual incentive aid through the Citizens Empowerment Tax Credit program.

Citizens Reorganization Empowerment Grants

The Citizen Re-organization Empowerment Grant program (CREG) provides assistance to municipalities for the costs associated with studies, plans, and implementation efforts related to local government re-organization activities, including dissolution and consolidation.

These as-of-right grants provide funding of up to \$100,000 for local governments to cover costs associated with planning and implementing local government reorganization

activities. Expedited assistance is given to local governments that have received a citizen petition for consolidation or dissolution.

Services for which grant proceeds may be used towards include:

- **Re-Organization Planning:** Assistance to cover planning projects which examine potential financial cost savings, management improvements, and service delivery changes resulting from a local government reorganization. Legal, consulting, or regulatory services may also be considered in possible re-organization planning activities.
- **Expedited Re-Organization:** Assistance to cover costs associated with the development and dissemination of information to the electors prior to the required referendum. A referendum on the question of local government re-organization is required when the electors of a local government entity file a petition pursuant to General Municipal Law. Local government entities that receive such a petition are eligible to apply for Expedited Re-Organization
- **Re-Organization Implementation:** Assistance to cover costs associated with the implementation of the dissolution plan or consolidation agreement, as approved by local government entity and its citizens.

CREG is administered by the Department of State. More information on grant requirements and how to apply for them is available at <http://www.dos.ny.gov/lg/lge/grant.html>.

Citizen Empowerment Tax Credit

If the Village of Wilson dissolves, the State will pay additional annual assistance to the Town of Wilson through the Citizens Empowerment Tax Credit (CETC). For cities, towns, or villages that consolidate or dissolve, these tax credits provide an annual aid bonus to the surviving municipality equal to 15 percent of the newly combined local government's tax levy. At least 70 percent of such amount must be used for direct relief to property taxpayers. Eight towns and their residents are currently benefitting by more than \$1 million annually for eight village dissolutions.

A sample calculation of what the CETC could be for the Town and Village of Wilson is below:

Sample Calculation of CETC	
Village of Wilson Tax Levy (2012)	\$361,000
Town of Wilson Tax Levy (2012)	\$868,000
Combined Levy	\$1,229,000
15% of Combined Levy	\$184,000

The actual amount of CETC will be calculated by the Division of Budget by considering fifteen percent of the combined amount of real property taxes levied by the Village and Town in the local fiscal year before the local fiscal year in which the dissolution occurred. For example, if the Village dissolved on December 31, 2014 (village fiscal year 2015 and town fiscal year 2014), CETC would be based on the amount levied by the Village in fiscal year 2014 and by the Town in fiscal year 2013.

The Town will start receiving the CETC in the State fiscal year following the State fiscal year in which the dissolution occurs. For example, if the Village dissolved on December 31, 2014, this would be in State fiscal year 2015 (which began April 1, 2014). CETC would be paid in September 2015 (State fiscal year 2016).

It is important to note that CETC would be in addition to existing Aid and Incentives for Municipalities (AIM) funding. After dissolution, the Town would receive CETC as well as both the Town's and Village's AIM funding.

Petition by Village Residents

The Village of Wilson received a petition to hold a referendum on dissolution. The Village Board scheduled this vote for August 26.

Conclusions and Next Steps

To the extent the Village Board or Village residents need assistance as they consider dissolution, staff at the Department of State is available to provide additional information on the process and available resources.

Appendix A - Letter and Resolution from the Village of Wilson



Historic Village of Wilson

On the Shores of Lake Ontario

November 21, 2013

Office of the State Comptroller
ATTN: Financial Restructuring Board
110 State Street
Albany, NY 12244

To the Financial Restructuring Board:

I, Bernie J. Leiker, Jr., Mayor of the Village of Wilson, a fiscally eligible municipality, do hereby request a Comprehensive Review by the Financial Restructuring Board for Local Governments.

This request is in addition to the resolution adopted at our November 21, 2013 Village Board meeting. (Copy attached.)

We look forward to your review and subsequent recommendations.

Sincerely,

Bernie J. Leiker
Mayor
Village of Wilson NY

375 Lake Street , P.O. Box 596 Wilson, NY 14172
716-751-6769 fax 716-751-6787



Historic Village of Wilson

On the Shores of Lake Ontario

REQUEST FOR SERVICES FROM THE FINANCIAL RESTRUCTURING BOARD RESOLUTION

- **WHEREAS**, The Village of Wilson has been deemed a "fiscally eligible municipality" pursuant to criteria established by section 160.05 of the Local Finance Law;
- **WHEREAS**, That given the current economic climate, the governing body of the Village of Wilson has determined that a comprehensive review by the Financial Restructuring Board for Local Governments (FRB) would be worthwhile;
- **WHEREAS**, That the Village of Wilson governing body understands that the recommendations of the Financial Restructuring Board are not binding; and

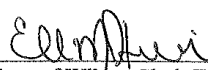
NOW, THEREFORE, BE IT

- **RESOLVED**, That the Village of Wilson Board of Trustees shall request services by the Financial Restructuring Board in concurrence with the chief executive of the village.

DULY ADOPTED, this November 21, 2013, by the following vote:

Mayor	Bernie Leiker Jr.
Trustee	Jerry Kadryna
Trustee	James Madan

Voted:	<u>yes</u>
Voted:	<u>yes</u>
Voted:	<u>yes</u>


Village of Wilson Clerk-Treasurer

375 Lake Street , P.O. Box 596 Wilson, NY 14172

716-751-6769

fax 716-751-6787

Appendix B - Resolution Approving the Village of Wilson

Financial Restructuring Board for Local Governments

RESOLUTION No. 2014-04

APPROVING THE REQUEST FOR A COMPREHENSIVE REVIEW FROM THE VILLAGE OF WILSON

WHEREAS, pursuant to New York State Local Finance Law section 160.05 (2)(a), the Board of the Financial Restructuring Board (the "Board") must find that the Village of Wilson (the "Village") is a Fiscally Eligible Municipality because it has an average full value property tax rate of \$7.47 per \$1,000, which is greater than the average full value property tax rate of seventy-five percent of counties, cities, towns, and villages with local fiscal years ending in the same calendar year as of the most recently available information; and

WHEREAS, pursuant to New York State Local Finance Law section 160.05 (3), upon the request of a fiscally eligible municipality, by resolution of the governing body of such municipality with the concurrence of the chief executive of such municipality, the Board may undertake a comprehensive review of the operations, finances, management practices, economic base and any other factors that in its sole discretion it deems relevant to be able to make findings and recommendations on reforming and restructuring the operations of the fiscally eligible municipality (the "Comprehensive Review"); and

WHEREAS, the governing body of the Village with the concurrence of the Village's chief executive has requested that the Board undertake a Comprehensive Review of the Village;

NOW THEREFORE BE IT RESOLVED that the Board agrees to undertake a Comprehensive Review of the Village in accordance with New York State Local Finance Law section 160.05(3).

This resolution shall take effect immediately and remain in effect until modified, replaced or repealed by resolution of the Board.

No. 2014-04

Dated: _____

Appendix C - Summary of Government Reorganization Process

New York State Department of State
Local Government Efficiency Program

The Reorganization of Local Government:

A Summary of the Government Reorganization Processes



General Municipal Law Article 17-A provides a unified process for the consolidation and dissolution of local government entities. The process is applicable to towns, villages, fire and fire protection districts, special improvement districts, other improvement districts created pursuant to Articles 11, 12, 12-a or 13 of Town Law, and other districts created by law. **It excludes school districts, city districts, or special purpose districts created by counties under County Law.**

Under Article 17-A of General Municipal Law there are two different methods for local governments to consider: Board-Initiated or Citizen-Initiated. The process for either consolidation or dissolution is the same. The following is a brief outline of the processes found in Article 17-A.

Procedural details may be found in the Department of State publications:

- *The New N.Y. Government Reorganization and Citizen Empowerment Act*
- *The New N.Y. Government Reorganization and Citizen Empowerment Act: A Summary of the Process for Consolidation and Dissolution*

Andrew M. Cuomo
Governor

Cesar A. Perales
Secretary of State

VOTER- INITIATED REORGANIZATION

Article 17-A of General Municipal Law provides a process for voters to petition for a public vote on consolidating or dissolving their local government. Only voters registered in the local government entity may sign consolidation petitions, or serve as the contact person for the petition [§757(3)].

Unlike a board-initiated reorganization, in a voter-initiated process the consolidation agreement or dissolution plan will not be developed until after the referendum on whether to consolidate or dissolve passes. The plan must contain the same information as one prepared in a board-initiated process. Once a proposed plan is prepared by the governing bodies, voters have the opportunity to conduct another petition drive to require a second referendum, this time on the plan itself. If that drive is successful and another referendum is held, it too must pass in order for the reorganization to take effect.

If the governing bodies are unable or unwilling to prepare and approve a reorganization plan, five voters who signed the original petition may bring a C.P.L.R. Article 78 action in state Supreme Court. Depending on its findings, the court may refer the matter to mediation or issue an injunction compelling the governing bodies to act. If the governing bodies still fail to act, the court may appoint a judicial hearing officer to develop and approve a plan [§764].

A petition must contain, for each governmental entity to be consolidated or dissolved, the signatures of 10 percent of the registered voters in that entity or 5000 signatures, whichever is less. However, if a governmental entity to be reorganized has 500 or fewer registered voters, signatures of at least 20 percent of the voters are required.

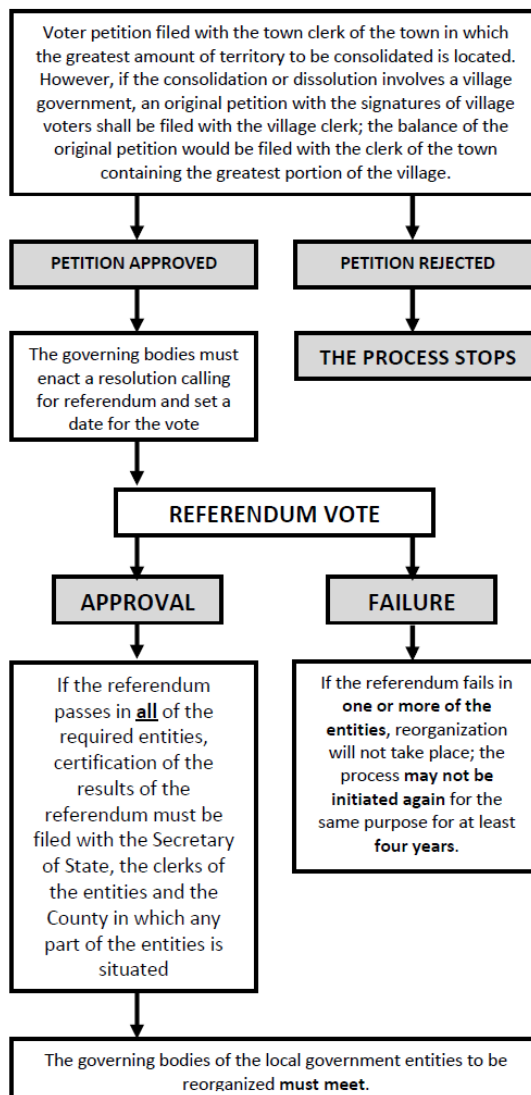
Within 10 days final determination regarding the sufficiency of the number of signatures on the petition is made by the clerk

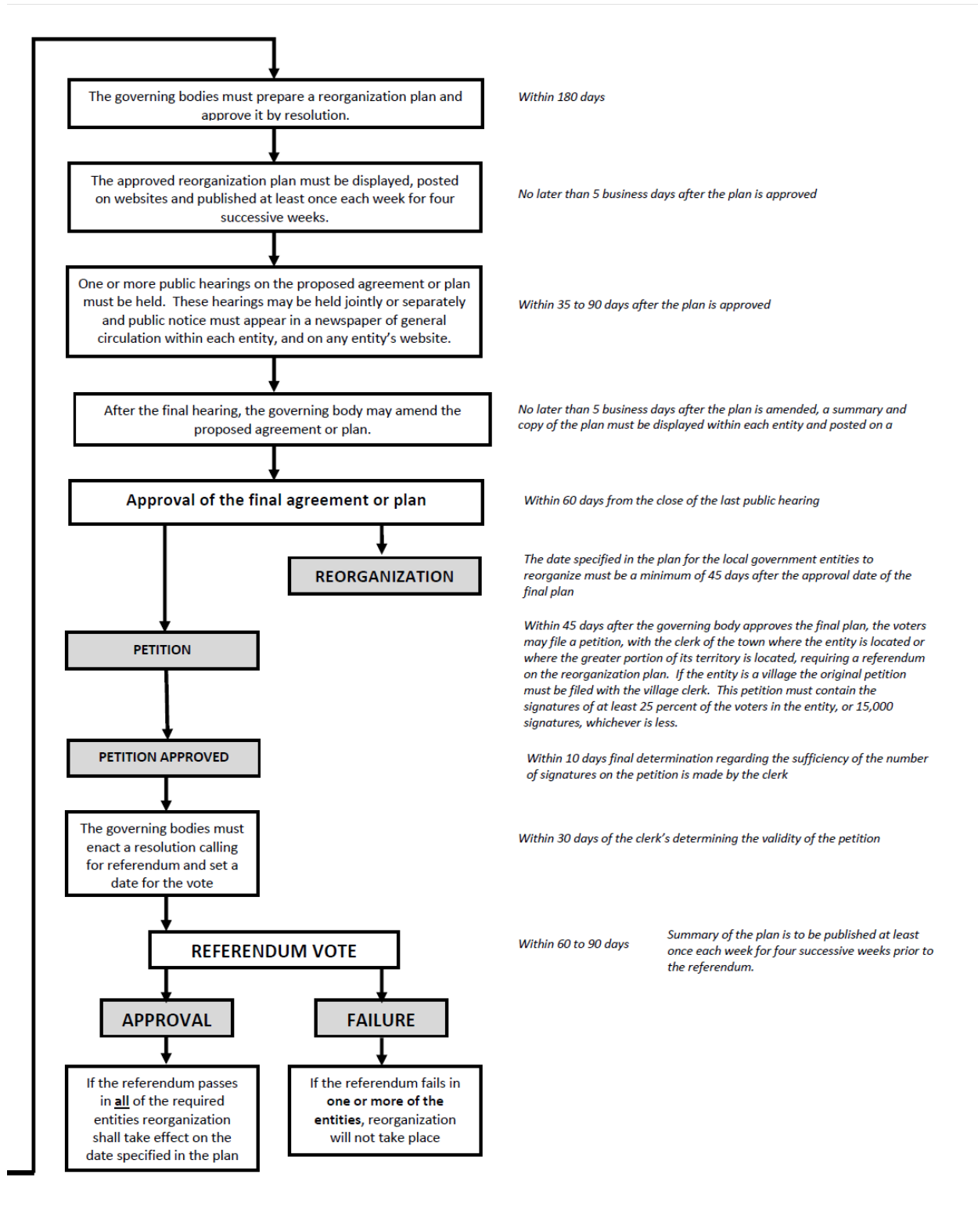
Within 30 days of the clerk's determining the validity of the petition

Summary of the petition is to be published at least once each week for four successive weeks prior to the referendum.

Within 60 to 90 days

Within 30 days of certification of the results





BOARD-INITIATED REORGANIZATION

The statutory process, when initiated by the governing body of the participating local government entities, begins with a resolution by the governing bodies endorsing a proposed joint consolidation agreement or dissolution plan.

However, the process of reorganization may start many months before the statutory process begins. With a board initiated reorganization process the board(s) may conduct a study to determine the possible impacts associated with reorganization. As outlined in the previous section, by taking the time to study the impacts of reorganization, both the governing body and the public will be able to evaluate the impacts of reorganization before making the decision to reorganize.

